

**BUDGET SPEECH OF THE EXECUTIVE MAYOR OF KANNALAND
MUNICIPALITY, ALDERLADY MAC BARRY, FOR THE 2020/2021 FINANCIAL
YEAR AND THE TWO OUTER YEARS: 28 MAY 2019 – LADISMITH**

INTRODUCTION

Speaker, I am tabling the final KANNALAND Municipal budget for 2020/2021 and two outer years for Council's consideration and approval. The views expressed today must be seen as supplementary to the draft budget speech I delivered end of March 2020. In that speech I focused on:

- The budget background.
- Integrating the IDP and the Budget.
- Key external influences on municipal income and service delivery:
 - Shrinking state subsidies for municipalities.
 - The effect of non-municipal electricity distribution in parts of Kannaland.
 - Partial or non-funding of services which the municipality renders as an agent.

A few months later the realities are even more challenging as it were when I presented the draft budget speech and subsequently Council is forced to increase its income from taxes and tariffs slightly. Hence, the burden on tax and tariff payers is increasing but this cannot be prevented until traditional income are restored or other sources are negotiated. The last-minute confirmation of Electricity tariffs of 6,22% average has put the BTO under tremendous pressure to adjust the draft budget accordingly. We are indeed living in uncertain times especially against the realities of COVID-19 and ongoing economic global economic situation which makes things extremely difficult to keep the municipality afloat.

RESTORE INCOME

Council will negotiate the restoring of traditional income sources and the creation of new ones diligently with appropriate forums such as SALGA, Intergovernmental structures and National and Provincial organs of state. We envisage to embark on drastic actions to speed up certain goals of the Financial Recovery Plan such as revenue enhancement (in particular data cleansing and door to door audits coupled with a GPS exercise). Furthermore, we are in the process to procure the services of a suitable service provider to fast-track the properties valuation process.

This matter will be escalated to CoGTA as meaningful income will determine the success of local governments and their achieving of the goals of the National Development Plan and the Back-to-Basics approach.

During his inauguration as the head of state, President Cyril Ramaphosa repeatedly referred to the importance of achieving the principles of the NDP and, as the father

of the plan, we look forward to a period of restoration, growth and development. Effective and sustainable municipalities and service delivery are key NDP objectives and there is hope that the president will declare the sufficient funding of municipalities a priority especially to address the extra challenges of COVID-19. If municipal related opportunities for additional funding will arise, we will grab it.

FOCUS OF THIS SPEECH

- Final phases of the development of the IDP and Budget for 2020/2021 and the two outer years.
- Public comments and consideration of changes on the Draft Budget.

This is not the only budget I am involved with and due to various challenges, especially regarding limited income, it was also the most difficult one to develop thus far as a result of the socio-economic crisis that we find ourselves in.

The traditional public participation was limited as a result of COVID-19 lockdown restrictions. Communities and interest groups did however find ways to participate in the development and drafting of this budget and IDP than ever before and their expectations created pressure. Budget interaction with stakeholders of various sectors expanded and some negotiations took place as late as last week regarding water tariffs.

CHANGING ENVIRONMENT

Last year I referred to the rapidly changing environment in which municipalities are doing their business. The aforementioned statement has even become more relevant against the current global economic downturn that COVID-19 has brought to all of us. These changes gained momentum and internal and external issues, affecting government performances; and the implementation of the municipality's core mandates and service delivery have increased in intensity.

CONSULTATION

Since the draft budget had been published for public comment, municipalities were confronted by the lockdown restrictions of COVID-19 hence the reason why traditional comprehensive public participation and consultation processes could not be undertaken as far as the budget is concerned. Ward councillors, directors and managers presented the IDP to all ward committees.

Public and stakeholder consultations were mostly constructive. There are concerns about the sustainability of future budgets, but the majority of communities and interest groups showed understanding for the issues that challenges the sustainability of the IDP. During the consultations, the following were discussed in particular:

- Processes followed to develop the IDP and budget.
- Internal and external influences on the IDP and budget.
- Overview of final IDP and Budget.
- The impact of the IDP and Budget on sectors and towns.
- The impact of the Budget on all households.

BUDGET COMMENTS

All suggestions and comments on the municipality's draft budget were carefully considered. The suggestions and objections dealt primarily with:

- Increases of taxes and service tariffs.
- Affordability of the municipal bill.
- Cross-subsidy.
- Capital expenditure.
- Consideration was given to transfer of KKWS (Klein Karoo Water Scheme) to Kannaland Municipality.
- Provision for indigent people regarding the burials.
- Toilets, Water and Electricity access on informal settlements.
- Review of Indigent Policy.
- Unfunded mandates such as the Fire Services.

After all the inputs were considered, the municipality finalized the Budget and IDP as an integrated document. However, it appears that the public is largely aware of the fact that, in terms of resources, the authority did not have much room to work in.

IDP AND BUDGET

A limited number of IDP priorities could be captured in the budget. The entire Capital Budget is funded by government grants.

THE BUDGET

The total expected Operational Revenue is **R163 710 290** and Operational Expenditure is **R163 483 440**. Contributed assets funded by conditional national grants in the budget to the amount of **R63 321 350**. The total budget is therefore **R226 804 790**.

Increases in taxes and rates are as follows:

- Property tax 8%
- Electricity 6.22%
- Water 8 %
- Sanitation 8 %
- Other 8 %

Speaker, the increase sounds astronomic but in 2020/2021 the municipality's but it is the best based on the major economic crisis that the world is facing right now as a result of COVID-19 pandemic and other related challenges.

FOCUS ON DEBT RECOVERY

The municipality can no longer provide services and incur expenses without being paid for. This year, the government will increasingly use all interventions to recover debts. Minister Tito Mboweni made it clear that if you use it you have to pay for it. The focus on revenue enhancement strategies will most likely improve the current debt collection challenges and associated risks.

IMPACT OF BUDGET

Speaker, the budget tabled today is not entirely talking to the diverse needs of all living in Kannaland. With the operational and capital funds at our disposal, this is however the best budget we can offer our people. The budget for 2020/2021 and the two consecutive years will succeed to:

- Relieve poverty and develop community stability.
- Accelerate economic growth and development.
- Increase social cohesion in communities.
- Maintain functional service delivery.
- Local and global challenges of Covid19.

I believe this budget will enable Council to fulfil its mandate regarding good governance and sustainable service delivery.

CLOSING COMMENTS

Speaker, the IDP and Budget for 2020/2021 and the two outer years are ready to be implemented. I present the final Budget and IDP for 2020/2021 and the two consecutive years to the Council for them to consider.

I do this in terms of the requirements of Item SC08 / 2020, pages 212 - 511;

- Appendix "2" - pages 445 - 511: Final list of rates for 2020/2021.
- The second revised version of the Fourth Generation IDP for 2017 - 2022.
- The Council Resolution on pages 213 - 214 of the agenda.

RECOGNITION

Thank you to Council and the administration for their hard and conscientious work to complete the IDP and Budget for 2020/2021 and the two outer years. Speaker, the IDP and Budget is the result of teamwork between the council, officials, communities and also interest groups of sectors in Kannaland. The Budget and IDP are, amongst other things, the result of extensive public input and the sound public participation processes. I thank everyone for their cooperation in developing the budget.

I thank our Heavenly Father for His Guidance. Without His help, nothing could be possible. However, the key task is to implement the IDP and Budget and I wish everyone the best with that.

Thank you very much / Dankie / Enkosi

ALDERLADY MAC BARRY MAYOR 05/28/2020